

Housewares: hot ones for 1980
Redbook Survey: why GM shoppers choose their stores

Chain Store Age Supermarkets

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How hard will warehouse pricing hit?

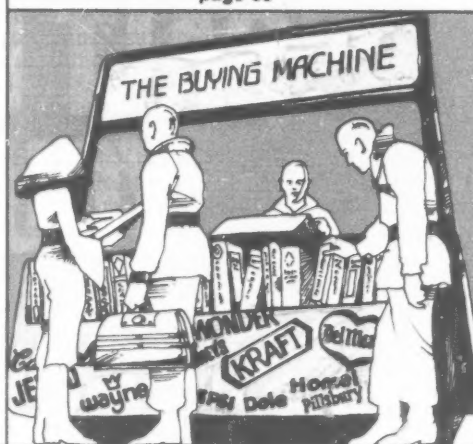
Special Report: Outlook 1980

In this, the first month of the 1980's, the editors of *Chain Store Age Supermarkets* present a compilation of the most important trends, factors and events that will likely shape the entire supermarket industry over the next 10 years.

- 35 **Warehouse pricing:** how hard will it hit conventional supers?
- 38 **Store formats:** new mainstays for the 1980's.
- 43 **Government:** regulations may ease this year.
- 47 **Consumers:** shedding 70's radicalism.
- 50 **Commodities:** abundance is the forecast.
- 54 **Equipment:** evolution, not revolution, marks new technology.
- 56 **Advertising:** spending bottoms out as economy bears down.
- 62 **Human resources:** programs motivate "me" generation employees.
- 72 **Labor:** how long can it buck the union trend?



page 35



page 38

Merchandising

- 78 **The Levis Report:** splurging and scrimping in the decade ahead.
- 83 **Housewares:** seven hot categories for 1980.
- 91 **Promotion:** Winter Olympics hit store level.
- 95 **1980 Redbook Survey:** how and why shoppers choose their stores.



page 95

Departments

- 21 **On the Line** 110 **New Products**
- 21 **Express Checkout** 112 **Financial News**
- 33 **On Promotion**

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The central problem remains overstocking. Despite the tide of store closings, which weeded out many small and unprofitable supermarkets around the country, there are still approximately 20% more supers than actually needed.

There are, at present, nearly 40,000 supermarkets in operation. This could shrink to fewer than 35,000 units by 1990, with the reductions coming in two main areas.

First, some chains simply won't survive. Companies like Allied and Food Fair, already riding a thin financial edge, may not be well-insulated enough to emerge unscathed from the economic battering they're likely to take in the 1980's. Second, chains like Kroger, A&P and Acme will continue to concentrate their share of the retail grocery business in an ever-decreasing number of outlets to improve productivity and profitability.

Meanwhile, jockeying for position among food retailers will make



Opening-day crowds at Samson's rang up some \$30,000 in sales.

competition for this slow-growth market more intense than anything previously experienced by the supermarket industry.

Segmented marketplace: The golden pathway to supermarketing success in the 1980's appears to lie in isolating a specific segment of the consuming public and then catering

to it. Every retailer loves the mass appeal inherent in the "all things to all shoppers" philosophy, but this shotgun approach just doesn't face the reality of the segmented marketplace.

For example, the warehouse market concept is popular with price-sensitive shoppers. Yet price isn't

Exclusive CSA survey: Industry

Top-level executives of the nation's leading supermarket chains, co-ops and voluntary groups see 1980 as a year when belts are to be hitched up another notch.

In an exclusive *Chain Store Age Supermarkets* survey conducted last November, industry leaders overwhelmingly listed productivity improvement as their No. 1 priority for the coming year. In fact, every one of the 57 respondents ranked productivity as one of their three most pressing management concerns.

Concerns of the 1970's, such as consumerism, product overproliferation and unbridled new store expansion have given way

to re-energizing existing stores, re-equipping them cost-efficiently and training people to run them with a tighter rein.

Inflation, legislation, the current exorbitant cost to borrow capital and whether or not labor intends to hold a reasonable "wage" line are seen as other critical factors that will add or detract from the industry's bottom line 12 months from now.

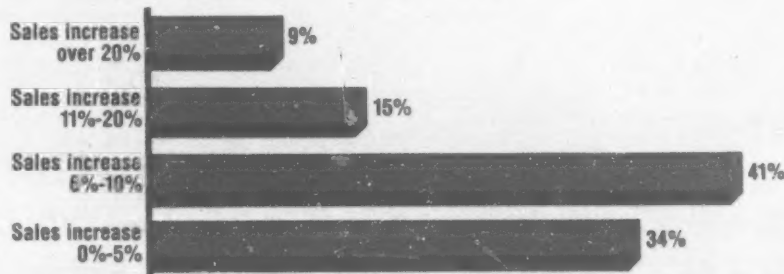
The table in the following column ranks those concerns top supermarketers say will make or break performance in 1980.

In forecasting their own company's expected 1980 performance four of every 10 industry leaders believe sales volume will

Survey Results

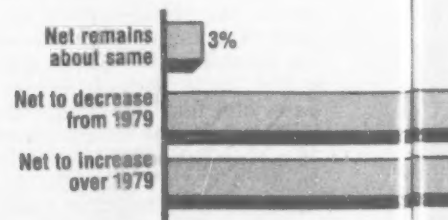
	1st choice %	2nd choice %	3rd choice %
Productivity improvement	41	32	27
Inflation containment	21	13	11
Governmental legislation	12	18	10
Labor contracts	12	19	15
Energy costs/availability	8	12	13
Cost of borrowed money	3	5	4
Cost of new equipment	1	—	2
All other concerns	2	11	18

Most see sales up 6%-10% over 1979 . . .



Source: CSA Research

and higher net dollar earnings



Source: CSA Research

the top priority for everyone. Another segment of the population prefers the expanded selection and service found in superstores, while a third group wants the ambience offered by food and drug combination units.

Even as one large group of consumers is making the superstore the dominant form of food outlet, another segment is dissatisfied with the trend to bigness. These people are prime targets for operators of both limited assortment and convenience stores.

Obviously, it will take a blend of store formats to satisfy Americans in the 1980's. Significantly, chains like Jewel, Kroger, A&P and American Stores are developing a variety of store types, each aimed at capturing a particular market. Most observers contend that a versatile assortment of store formats is a better prescription for economic health in the 1980's than the "tonnage-tonnage-tonnage" philosophy so suc-

cessful for the last 20 years.

The year ahead: The new decade poses mammoth problems for most supermarket operators, but the outlook for 1980 holds out some hope for short-range improvement in current conditions.

The best news concerns food prices. Cautiously, some financial trend spotters are predicting a decline in the rate of food price increases. Raymond Daniel of Chase Econometric Associates, for instance, estimates that retail prices will rise "only" 8.8% this year. That rate, which would have sent grocers and their customers into a panic a few years ago; should be a soothing change from the last two years of double-digit food price inflation.

Of course, no one is guaranteeing it, especially in light of the way experts have fared with inflation predictions in 1978 and 1979. Another energy crisis, with or without unexpected shortages of key commodities, would send the country right

back to runaway price hikes.

Once again in 1980, renovation of existing facilities will get more emphasis from most supermarket companies than expansion through construction of new stores and distribution centers. The cost of money is still too high for supermarket operators to plan a lot of capital construction on borrowed capital.

Therefore, productivity will be the watchword for 1980. Low-cost improvements, such as tighter labor scheduling and fine-tuning the merchandise mix will be just as popular this year as last.

On the following pages *Chain Store Age Supermarkets* presents an in-depth examination of the year and the decade to come. While predictions are always chancy, the CSA editorial staff has pooled its resources to examine some of the important trends that will direct the course of the next 10 years of supermarket retailing.

—Arnie Katz

Readers see 1980 as 'tough' year

rise 6% to 10% over 1979 figures. This projection is notably conservative and, if indeed it holds up, supermarketing in 1980 will have taken a step backward from the upward performance gains that marked 1977, 1978 and 1979.

While the number of store "Grand Openings" is expected to run comparable to the number of openings industrywide in 1978 (5,267) and 1979 (5,300), the responding executives point up an interesting twist: Only one of every four stores making their debut will be constructed from the ground up.

Obviously, the cost to construct from scratch—now running over \$1.5 million per store—

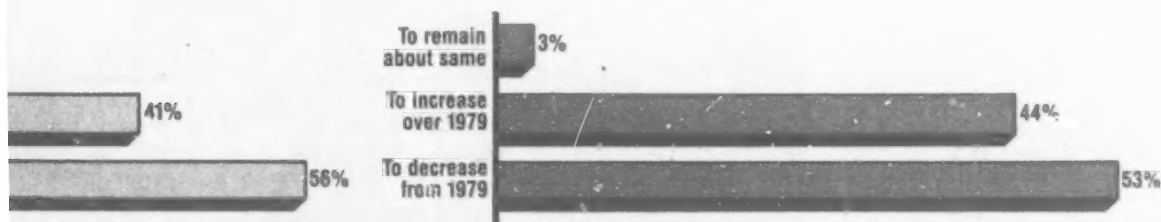
plays heavily in the decision to build or rebuild. It follows, quite naturally, that four of every 10 "Grand Openings" will take place in units that have been expanded or rehabilitated.

Of all the new stores coming on line, eight of 10 are to be classified as superstores. The average size of these jumbo full-line outlets will range close to 31,000 sq. ft. and are designed to produce at least \$10 million in sales in the third full year of operation. Virtually all of these new giants will open with scanner-equipped registers or are designed to receive scanning equipment at a later date.

At the other end of the store

spectrum, the current trend to discount pricing and "no-frills" limited item merchandising is fostering a new generation of warehouse and box store outlets. Some 14% of all "Grand Openings" scheduled for 1980 will take place in either warehouse stores (average size 25,500 sq. ft.) or little assortment stores (average size 8,200 sq. ft.). While most respondents declined to identify locations or new markets for either warehouse stores or limited assortment stores, much of the step up in plain Jane store formats should take place in the Southeast, Midwest and Middle Atlantic states in the first half of the year.

but a lower net-to-sales ratio



Source: CSA Research

1980
REDBOOK
SURVEY

General
Merchandise



***Where and why
shoppers choose
their stores***

1980 REDBOOK SURVEY

Defining the general merchandise

For the mass retail merchandising sector, the 1980's will be characterized by the blurring of traditional retail lines and an increase in interoutlet competition.

Until a few years ago, there was little concern regarding direct competition among the various stores. Supermarkets, drug stores and discount stores offered a particular range of merchandise with minimal duplication. By the end of the 70's these three mass retailers had moved toward greater similarity of product mix.

This blurring of various retail lines is referred to as "scrambling." While the specific changes vary among store types, the net result has been increasing competition for the same customer. For example:

- Supermarkets are expanding their general merchandise offering (including H&BA) to generate more gross profit dollars and to provide the convenience of one-store shopping.
- Discount stores are emphasizing both health and beauty aids (H&BA) and groceries in an effort to generate customer traffic and confirm price image by heavy discounting of frequently consumed major brands.
- Drug stores are promoting selected grocery items to build customer traffic and are adding more general merchandise (GM) to gain extra sales and profit dollars.

This trend toward scrambling

The 1980 Redbook General Merchandise Survey was conducted for Charter Publishing Company by the Allen Levis Organization Inc. of Northfield, Ill. Fieldwork was conducted by the Chicago office of National Family Opinion Inc. The findings and conclusions in this survey are based on information collected through a questionnaire sent to over 1,000 households across the country. A total of 923 responses were used to tabulate the results.

has made it increasingly important for retailers to know more about where and why customers buy various categories of general merchandise. Although the total GM market is expanding, growth is not fast enough to support increased sales in all outlets. Increased sales must come from a shifting competitive balance within the context of changing economic conditions.

Consumer reactions to the cost of gasoline, inflation and economic uncertainties will continue to pose major challenges to retailers who are striving for growth.

The objective of the 1980 Redbook General Merchandise Survey is to *determine where and why customers choose specific types of stores for the purchase of selected general merchandise*. Specifically: (1) Which mass merchandising outlets are typically available to customers and (2) What factors determine the customers' store choice for selected GM commodities?

This study is the second half of a two-part study based on a national sample of 923 households. Information for both studies was collected through a questionnaire; the sample was designed to be statistically representative of the United States.

Part I of this study, presented as the 1979 Redbook General Merchandise Survey, categorized respondents by their level of GM expenditures in the supermarket, drug store and discount store. These classifications were based on the consumers' total monthly expenditures for nine GM categories (auto supplies, film and flash, greeting cards, H&BA, hosiery, housewares, magazines, pet supplies and sewing notions). Households were divided by expenditures into three equal groups: high, medium and low.

Overall, high GM purchasers spend eight times more for GM than other consumers in all outlets, and 11-13 times more in the supermarket, drug and discount store. Translated into dollar terms, this high spender in all outlets purchases almost \$90 worth of these nine general merchandise categories in all outlets each month, compared with expenditures of only \$11.55 for the low spender.

In Part II, the 1980 Survey, respondents were asked about their general merchandise purchasing patterns and about those

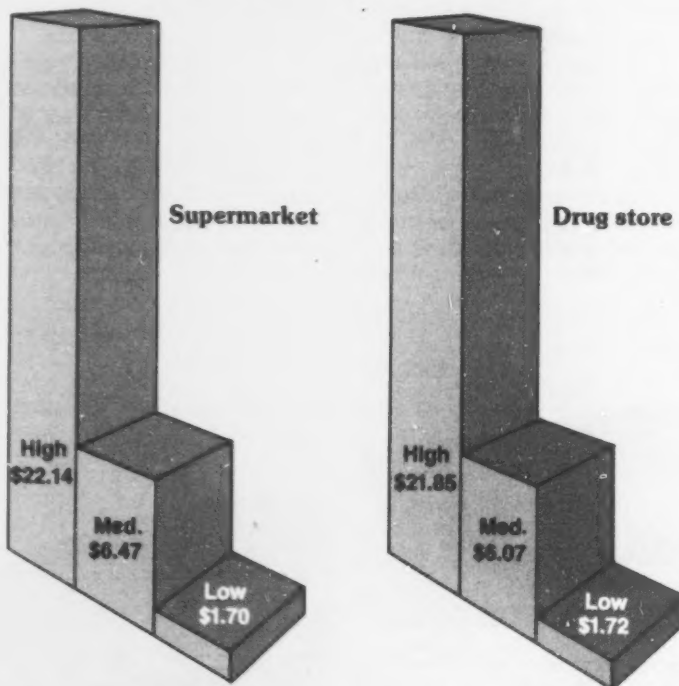
marketplace

stores near their homes. Collecting this information for each respondent permitted an examination of general merchandise shopping behavior from several unique perspectives.

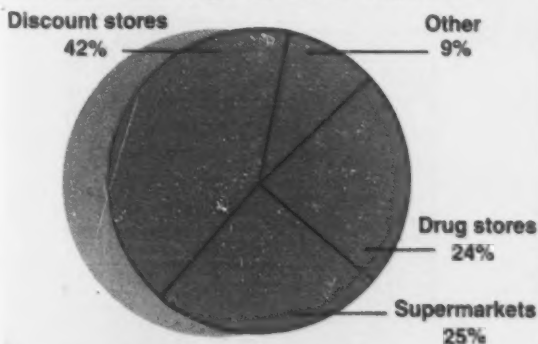
These conclusions can be drawn:

- The majority of consumers have three outlets available for their GM purchases—the supermarket, drug store and discount store.
- The competition for GM purchase dollars extends beyond traditional marketplace boundaries: Customers travel farther to shop certain outlets perceived to offer specific benefits.
- Consumer perception of convenience, specifically the distance traveled to shop, varies by store type and by level of GM spending.
- Other controllable characteristics that greatly influence outlet choice are price image and wide selection.

Profile of GM spenders' monthly household expenditures



Where the high spender buys GM



High spenders purchase over 90% of auto supplies, film, greeting cards, H&BA, hosiery, housewares, magazines, sewing notions and pet supply needs in supermarkets, discount stores and drug stores.



High general merchandise purchasers spend as much as 13 times more than low spenders do in supermarkets, drug stores and discount stores.

1980 REDBOOK SURVEY

Distance traveled to type of store

For the majority of consumers who have a supermarket, a drug store and a discount store within a "reasonable" distance from home, the definition of reasonable varies both by store type and by GM expenditure level.

The fact that consumers would travel more than twice as far to shop at a discount store gives an

indication of the competitive marketplace for GM purchases.

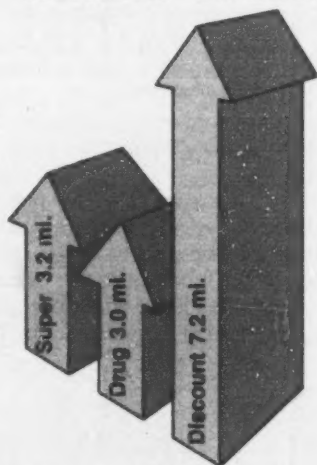
The average distance traveled to all types of stores is significantly greater for high spenders than for low spenders. The distance varies by the type of store. The high spender will travel 5 miles farther to shop for GM at a discount store rather than making a shorter trip to

the supermarket for similar GM purchases. This further illustrates the increasing competitiveness within the marketplace.

In each instance, the high spender traveled the farthest. This means that the retailer can expand his trading area to include those high spenders who travel farthest and who spend the most money.



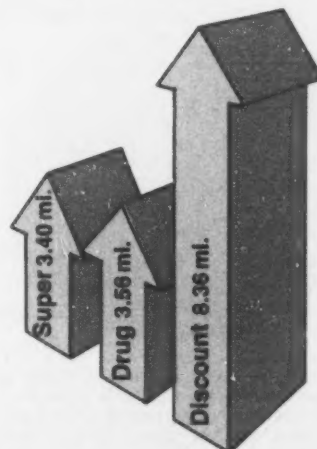
What is a
"reasonable" distance?



Base: Respondents considering each outlet a "reasonable" distance from home

When it comes to shopping patterns, supermarkets and drug stores are viewed as pick-up spots for conventional GM items.

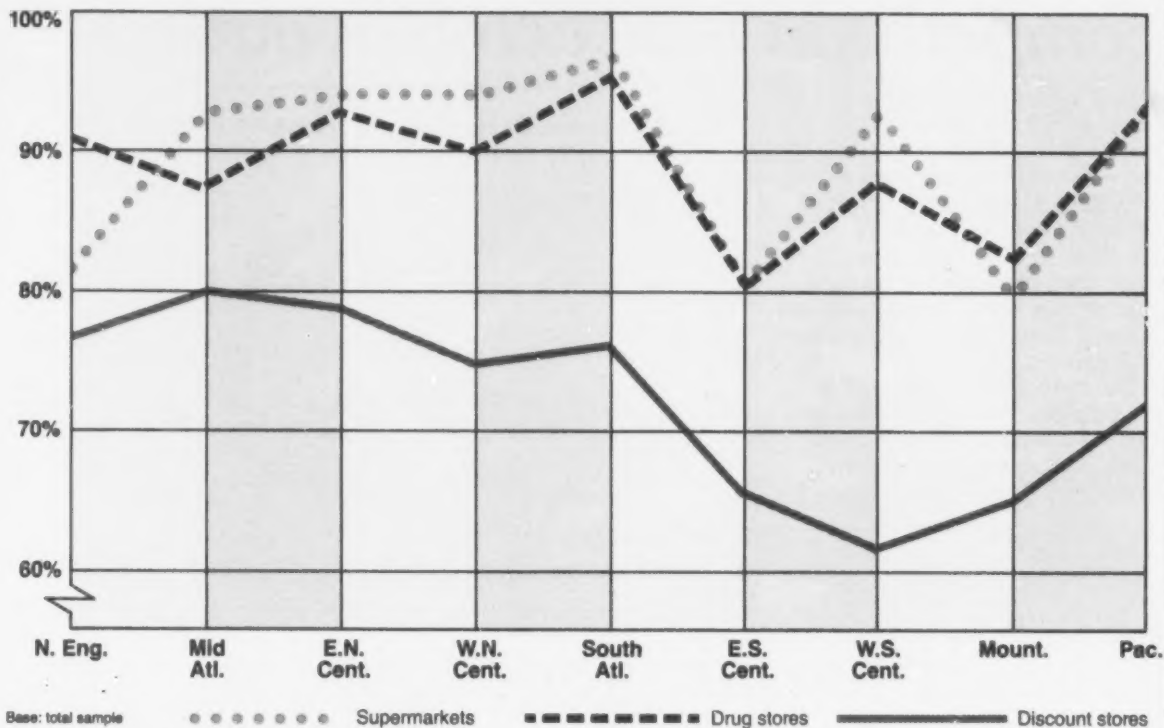
How far will high
spenders travel?



Base: Respondents considering each outlet a "reasonable" distance from home

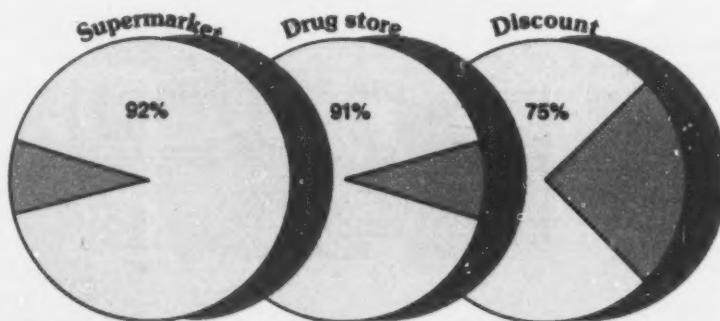
Regardless of store type, high spenders are willing to travel farther to reach them for GM purchases.

Supermarkets are most "convenient" to South Atlantic shoppers



In the East South Central and Mountain States markets, fewer GM shoppers say supers, drug stores and discount stores are within a reasonable distance from home.

Convenient store locations



Nine out of 10 general merchandise shoppers have a supermarket and drug store within a "reasonable" distance from home. But only three of four shoppers find a discount store as convenient.

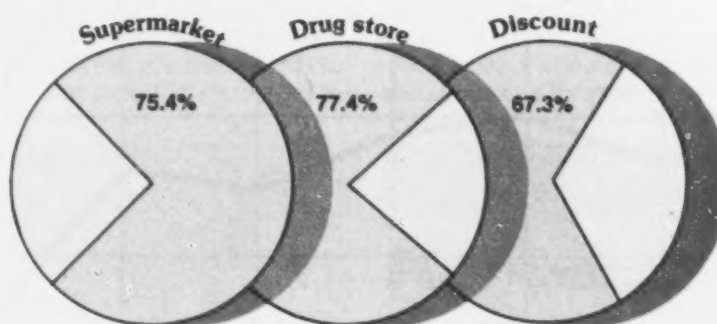
1980 REDBOOK SURVEY

The importance of proximity: competition between like outlets

Most customers who shop one store type for GM patronize the store of that type nearest to their home. In both the supermarket and drug store, three-fourths of the GM customers indicate that they bought most of the nine commodity groups studied at the outlet nearest their home. This proportion dropped slightly among GM buyers in discount stores.

The merchandising strength of the store nearest home is clear for all three outlets studied. Discount store GM customers choose the closer store twice as frequently.

Most shoppers choose store nearest to home



Base: total shoppers in three outlets

Primary reasons for choice of store type for GM purchases

The primary reasons for shopping a particular outlet differ for each store type. For example, convenience to home is the main reason for shopping the nearest drug store for GM, but not for choosing the nearest supermarket or discount store. Understanding why shoppers choose an outlet will help retailers better understand their competition.

For each of the three outlets studied, we have evaluated the primary reasons given for store choice based upon two marketing situations:

1. Where GM purchases are made in the store nearest to home;
2. Where customers travel beyond the store nearest to home for their GM purchases.



Supermarkets

For those customers who purchase most of their GM in the supermarket closest to home, convenience is the prime motivation: both the convenience of buying GM with groceries and the convenience of having this outlet nearby.

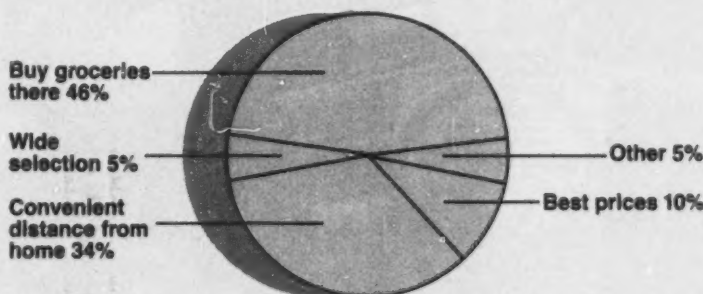
home, the convenience of buying GM with groceries remains the prime consideration. For this group, however, price is twice as important as for those who shop at the nearest supermarket.

Price and quality are more im-

The store-work proximity value is discussed further in the Drug Store summary section of this survey.

For all respondents who purchase most of their GM in the supermarket, the overwhelming reason for store choice is the convenience of buying GM along with groceries. Of all the outlets studied, only the supermarket has the basic drawing power of subsistence purchases. Price is an important consideration for high GM spenders who chose other than the closest supermarket. Clearly these valuable customers are very price-sensitive, and they buy both groceries and GM at the outlet they perceive to offer the best value, regardless of its proximity to home or work. Supermarkets should look seriously at drug and discount store competition, noting the strength and appeal of these outlets' GM offerings.

Primary reasons shoppers buy GM at supermarket nearest home—% of total spenders



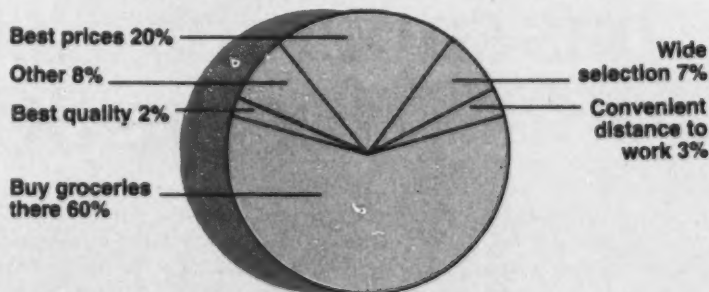
Base: Respondents living within a "reasonable" distance of each outlet studied

It is interesting that the major reasons for store choice do not vary by level of GM expenditures. Selection, however, is much more important to the high spender than to the low spender.

For those customers who purchase most of their GM in a supermarket that is not closest to

Further information on high/low spenders is available on request.

Primary reasons for traveling beyond nearest supermarket for GM—% of total spenders



Base: Respondents living within "reasonable" distance of each outlet studied

portant to high spenders than low spenders in this group.

Convenience to work is a primary motivation for 9% of medium spenders but only 2% of valuable high spenders.

Drug stores

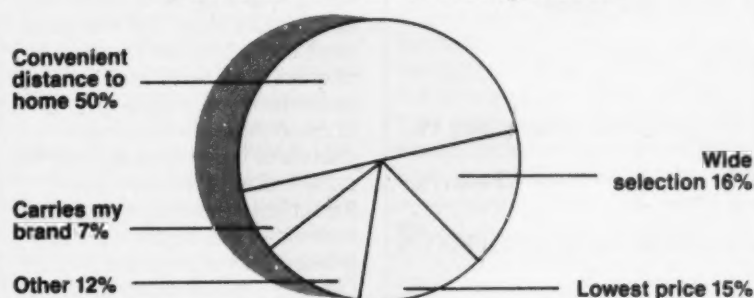
For those customers who purchase most of their GM in the drug store closest to home, convenient location is the primary motivation for store choice. This factor is more important to these drug store shop-

selection, brand choice and quality.

Interestingly, 17% of high GM spenders (compared to only 6% of low spenders) shop a particular drug store because of its convenience to work.

tion as his major reason for store choice. Those consumers who travel to farther drug outlets do so in search of low prices, wide selections and specific brands. As in the supermarket, a strong price program seems to attract high GM spenders; price is twice as important to these important GM customers who travel to a less convenient drug store. Convenience to work is also an important factor for store choice for heavy spenders who shop some distance from home. The 1979 Redbook Survey showed that high GM spenders in drug outlets tend to be considerably older than their counterparts in supermarkets and discount stores. This older high spender is less likely to be rushing home after work to care for small children. This group may feel freer to shop near work before heading home.

Primary reasons shoppers buy GM at drug store nearest home—% of total spenders



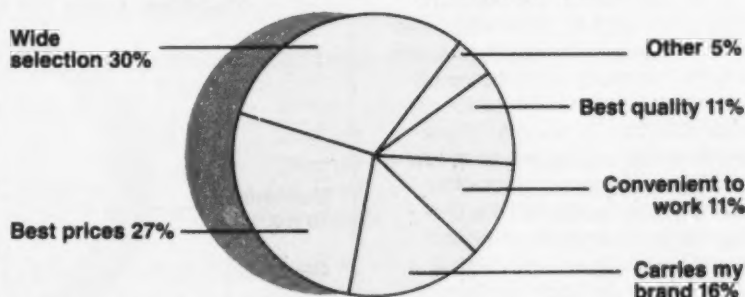
Base: Respondents living within "reasonable" distance of each outlet studied

pers than to their supermarket counterparts. Price and selection are lesser considerations in choosing this outlet.

As in the supermarket, the reasons for store choice are similar for both high and low spenders, with price more important to the high spender.

For those GM customers who shop a drug store that is not closest to home, price and wide selection are primary factors in store choice. The price sensitivity of this group of high spenders is very evident; price is twice as important to high spenders; low spenders put more emphasis on

Primary reasons for traveling beyond nearest drug store for GM—% of total spenders



Base: Respondents living within "reasonable" distance of each outlet studied

Drug store retailers will want to examine their proximity to places of business with an eye to capturing more of these high spenders who are employed nearby.

The customer who buys most of his GM at the drug store nearest home gives convenience of loca-

Further information on high/low spenders is available on request.

1980 REDBOOK SURVEY

Discount stores

Not surprisingly, low price is the primary reason given by nearly half of all respondents for choosing to make GM purchases at a discount store nearest to home. Convenience to home is the second most frequently mentioned reason, but

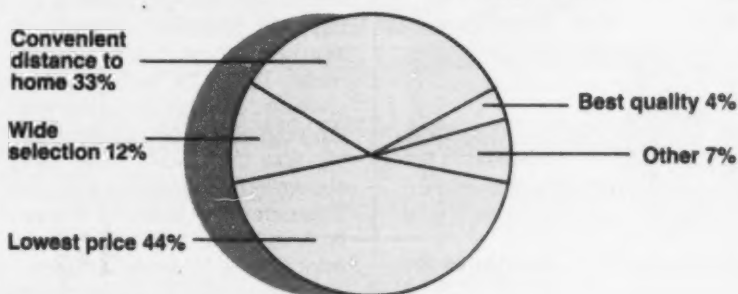
for their GM purchases are again motivated primarily by price; wide selection is more important to these consumers than to those who shop the discount store closest to home.

Although high spenders place

relatively unimportant to all discount store purchasers.

Price clearly looms largest as the primary motivating factor for discount store customers. This perceived benefit is even more important to those purchasers who travel farther to this outlet than to those who choose the discount store closest to home. Wide selection is also a prime consideration for discount store GM shoppers; store size allows discounters to offer an impressive array of selected product groups. Over 30% of discount store customers choose to travel to other than the closest discount store—even though the reasonable distance traveled to this outlet is already greater than to other store types. Obviously these customers are looking for more than convenience in choosing to concentrate their GM purchases in this outlet.

Primary reasons shoppers buy GM at discount store nearest home—% of total spenders



Base: Respondents living within "reasonable" distance of each outlet studied

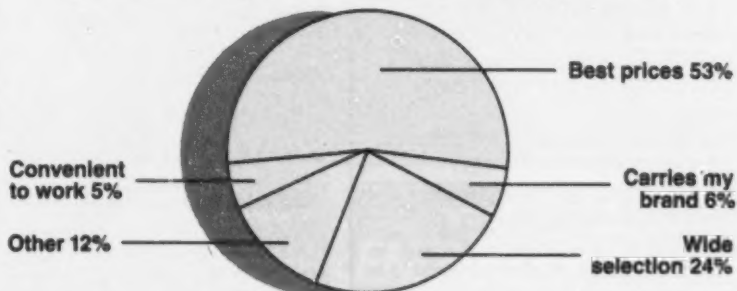
appears to be only half as important as price.

High spenders in the discount store place slightly more emphasis on low price than low spenders, but only half as much importance on the store's convenient location. Wide selection is twice as important to these customers as to low spenders. These statistics offer several opportunities to the discount store that wants to attract more GM business from high spending households. Price is of tantamount importance to these high spenders whose GM purchases are nine times greater than low spenders.

Those customers who travel beyond the nearest discount store

Further information on high/low spenders is available on request.

Primary reasons for traveling beyond nearest discount store for GM—% of total spenders



Base: Respondents living within a "reasonable" distance of each outlet studied

more emphasis on price than low spenders, the perceived savings offered by a discount store is the greatest influence on store choice for all spenders in this group. Brand is less important to the high spender than to the low; quality is

Summary: reasons for store choice

A competitive re-examination of the reasons for store choice shows that generally the overall perceptions of store type are consistent, regardless of distance. Supermarket shoppers buy GM with their groceries because of the convenience of making both purchases in the same outlet at the same time. The drug store offers wide selection to both groups, though convenience to home is a strong factor in choice. And for the discount store, whether nearest or farthest, perceived price advantage is the main reason for choosing this outlet for GM purchases.

Price: The discount store is perceived to offer the best prices for GM. Price has been and will probably continue into the 1980's to be a motivating factor in store choice for GM purchases. Just as supermarket and drug outlets can choose to offer in-depth assortments of certain GM commodities, these outlets can also make their stores price leaders in these same areas. The combination of competitive pricing and wide assortment are powerful merchandising tools. They work for discount stores; they can work for other retailers who recognize their potency.

Selection: The responses to virtually all the categories of GM covered in this study emphasized the importance of wide selection. Customers generally prefer to patronize an outlet that offers a wide choice within the category for which they are shopping. It is clear from the 1980 research that consumers associate wide assortments of basic GM with the discount store. If supermarkets and drug stores want to be perceived as more than incidental retailers of GM, they too must offer wider assortments of these commodities than they presently stock. Since these outlets face real space con-

straints, they need to carefully select those GM categories they plan to promote through depth of assortment.

Competitive opportunities: The dominance of the discount store as a supplier for many categories of GM remains unchallenged in most market situations; the discount store is the primary outlet chosen for the purchase of six of the nine GM commodities studied. Supermarket and drug store merchandisers must not underestimate the strength of this competition, even if it is located some distance from their outlet. Most respondents obviously feel that their investment of time and the expense of travel to

the discount store is justified by the perceived advantages of low price and wide selection.

High spenders and GM purchases: The value of merchandising to high-spending GM households remains valid particularly in the light of expanded competition within the marketplace. For GM purchases, these high spenders look for depth of assortment; specific brand is relatively unimportant. Competitive pricing is a drawing card, particularly for those high spenders who travel to other than the nearest outlet type. Many high spenders are willing to travel farther to spend more money than their low-spending counterparts.

Primary outlets for nine commodities

Six of the nine GM commodities studied are purchased primarily in discount stores. Two commodities—magazines and pet supplies—are purchased primarily in the supermarket, and one—H&BA—is purchased primarily in

the drug store.* The drug store was also a prime place of purchase for greeting cards, running a very close second to the discount store.

* Note: This runs contrary to (A. C. Nielsen and other) data, which shows supermarket share of H&BA market at 48%, drug at 37% and discount at 15%.

Main reasons consumers shop primary outlets**

Commodity	Primary outlet	Main reason
Auto accessories	Discount	Price
Film & Flash	Discount	Price
Greeting cards	{ Discount Drug store	Convenient location, selection, price Convenient location
H&BA	{ Drug Discount	Convenient location Price
Housewares	Discount	Price, selection
Magazines	Supermarket	Convenience (buy with groceries)
Pet supplies	Supermarket	Convenience (buy with groceries)
Sewing supplies	Discount	Price, selection
Hosiery	Discount	Price

** Data on reasons shoppers purchase each of nine commodities at the outlet closest to home and at the outlet not closest are available upon request.

FINANCIAL NEWS

Supermarket stocks mixed in November

		PRICE								EARNINGS/SHARE					P/E	FINANCIAL POSITION						
		From 11/02/79-11/30/79								Latest 12 Months vs Preceding 12 Months Change					P/E Ratio Today	(Last Fiscal Year) In Millions				(Last Fiscal Year) Per Share		Last Bal Sheet Date
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last Fiscal Year	Amt	Pct	5 Year Annual Growth Rate	Profit Margin	Revenue		Earnings	Current Ratio	Long Term Debt	Stock Equity			
		\$	\$	\$	\$	%	\$	\$	\$	\$	%	%	%	\$	\$		\$	\$				
Albertsons Inc	ABS	38.00	35.13	35.13	-2.50	-6.64	45.00	34.25	4.76	76 N	16.7	27.0	1.6	6.6	2289.0	36.4	1.4	28.0	20	01/79		
Alteman Fds	ALF	25.00	24.75	24.88	-13	-50	25.50	13.00	3.04	93 Q	39.4	30.0	1.0	7.6	436.0	4.2	1.6	16.3	26	04/79		
Amer Stores	ASCN	28.50	25.50	27.13	-1.00	-3.55	34.50	23.50	3.14	103 N	35.6	25.0	2.3	6.9	1089.9	25.0	1.8	8.7	17	12/78		
Arden Group Inc	ARDN	4.00	3.13	3.63	.38	11.53	5.38	2.00	07	09 S	75.0	NE	2	17.3	448.8	.8	1.2	8.6	7	12/78		
Bayless Markets	BAYM	13.00	9.50	12.50	3.00	31.57	13.00	8.88	2.19	62 S	32.8	7.0	1.0	5.0	260.1	2.6	1.7	1.4	20	12/78		
Big V Supermk	BIV	7.88	7.50	7.88	.00	.00	10.25	6.88	1.69	44 N	31.2	37.0	1.4	4.3	295.1	4.2	1.4	5.0	7	12/78		
Borman's Inc	BRF	4.88	4.13	4.50	.00	.00	8.50	4.13	1.27	-67 N	-54.0	3.0	.5	7.9	783.9	3.7	1.2	10.3	11	01/79		
Brunos Inc	BRNO	15.13	12.63	14.63	1.88	14.70	15.25	9.38	1.51	44 Q	36.6	30.0	1.7	8.9	309.4	4.6	1.6	4.3	5	06/78		
Circle K Corp	CKP	23.00	17.25	22.50	3.75	20.00	23.00	14.75	2.12	96 S	51.6	28.0	2.4	8.0	438.6	10.7	1.8	11.8	10	04/79		
Culm Companies	CULL	19.75	17.50	19.00	.75	4.10	20.00	16.44	3.36	69 Q	24.3	193.0	1.2	5.4	782.5	9.4	1.4	19.6	17	06/79		
Dillon Cos	DLL	18.00	16.38	16.63	-1.38	-7.63	23.84	16.38	2.08	11 Q	5.9	15.0	1.9	8.5	1792.2	33.6	1.2	5.7	9	06/79		
Fisher Foods	FHR	9.88	7.63	8.63	.63	7.81	15.50	7.63	1.43	-169 N	-118.1	-33.0	.7	NE	1451.7	9.8	1.5	19.9	14	12/78		
Food Town A	FTDN	21.75	20.25	20.75	-1.00	-4.59	25.50	11.25	1.12	48 N	47.5	40.0	3.2	13.9	299.3	9.5	1.4	1.2	4	12/78		
Foodarama	FSM	5.50	4.50	5.50	.38	7.31	7.88	4.50	1.59	-30 N	-18.1	2.0	.6	4.1	376.1	2.2	1.5	2.6	16	10/78		
Giant Food A	GFSA	17.00	15.38	17.00	.38	2.25	19.75	12.44	3.40	105 N	37.2	21.0	1.6	4.4	1080.8	17.0	1.5	18.2	20	02/79		
Grt A & P Tea	GAP	8.00	7.63	7.88	.00	.00	10.38	5.13	-2.10	-39 S	49.3	NE	-7	NE	7469.7	-52.2	1.4	14.0	16	02/79		
Hannaford Bros	HRD	11.25	10.63	11.25	.13	1.12	15.63	10.50	2.78	-08 N	-3.0	11.0	1.0	4.4	377.5	3.6	1.8	28.4	18	12/78		
Jewel Co	JWL	24.88	22.50	24.13	.63	2.65	27.00	19.63	3.59	144 S	53.7	9.0	1.2	5.9	3516.4	41.1	1.4	24.1	31	01/79		
King Kullen Groc	KKUL	17.00	14.25	15.50	1.25	8.77	17.25	11.00	2.68	-17 F	-5.9	6.0	.6	5.8	281.0	2.0	1.5	.0	32	08/78		
Kroger	KR	20.00	17.88	18.00	-1.63	-8.28	27.00	16.63	3.11	110 N	41.1	23.0	1.1	4.8	7828.1	84.6	1.4	12.1	20	12/78		
Lucky Stores	LKS	16.38	14.75	16.25	1.35	8.33	17.75	13.88	1.64	46 N	29.2	17.0	1.7	8.0	4658.4	80.4	1.5	6.4	7	01/79		
Marsh Supermks	MARS	5.13	4.63	4.63	-13	-2.63	6.75	4.63	1.11	-36 S	-28.1	22.0	.9	5.0	392.0	3.6	1.4	10.1	7	03/79		
Meyer Fred	MEYR	30.13	26.88	29.63	2.50	9.21	34.13	23.78	3.05	26 N	9.0	21.0	2.3	9.4	927.1	20.9	1.5	15.9	21	12/78		
Motts Super	MSM	8.63	8.00	8.13	-.38	-4.41	10.63	8.00	1.95	17 N	9.8	25.0	1.3	4.3	211.2	2.8	1.6	.3	10	12/78		
Munford Inc	MFD	7.50	6.75	7.38	.00	.00	14.75	6.50	17	102 N	-212.5	-23.0	.3	13.7	260.0	.7	1.4	28.3	11	12/78		
Natl Conv Str	NCF	14.38	13.00	14.00	.25	1.81	14.38	10.00	1.50	33 Q	24.6	58.0	1.9	8.4	320.4	6.0	1.2	11.8	7	06/79		
Natl Tea Co	NTY	4.38	4.13	4.38	.00	.00	5.25	3.63	.73	11 N	16.4	72.0	.8	5.6	918.6	7.3	1.2	5.8	6	12/78		
Nag Fro Svc	NFS	23.63	22.50	23.00	-.88	-3.66	30.88	18.38	4.05	55 Q	15.3	13.0	1.9	5.6	464.1	8.7	1.6	19.7	21	06/79		
Pneumo Corp	PNC	31.63	29.13	29.88	-1.50	-4.78	34.25	17.00	2.23	30 N	12.9	-3.0	1.1	11.4	627.0	6.6	2.4	17.7	24	11/78		
Pueblo Int	PII	3.88	3.38	3.38	-.25	-6.89	5.38	3.38	.88	-05 S	-5.3	60.0	1.4	3.8	296.2	4.0	1.3	8.1	7	01/79		
Safeway Stores	SA	36.75	34.00	34.00	-2.50	-6.84	44.00	31.50	5.60	93 N	18.6	11.0	1.2	5.7	12550.6	146.1	1.2	33.7	36	12/78		
Seaway Food Town	SEWY	11.75	10.26	11.00	.75	7.31	11.25	8.50	2.90	85 F	41.4	21.0	1.5	3.8	285.2	3.3	1.5	12.1	13	08/78		
Shopwell Inc	SH	4.50	4.25	4.25	-.25	-5.55	7.00	3.63	.46	24 N	61.5	33.0	.3	6.7	271.6	.7	1.5	12.0	11	12/78		
Southland Corp	SLC	28.00	26.75	27.13	-.50	-1.81	31.06	24.41	2.66	69 N	28.8	20.0	1.9	8.8	3076.5	57.1	1.5	22.7	18	12/78		
Star Supermks	STR	14.63	12.50	14.63	2.38	19.38	14.63	8.69	2.51	115 N	53.2	14.0	1.1	4.4	228.3	2.4	1.4	5.2	18	12/78		
Stop & Shop	SHP	16.38	14.13	15.88	.63	4.09	20.13	14.13	4.00	52 S	14.8	9.0	.9	4.0	1762.1	16.0	1.6	44.6	29	01/79		
Sunshine-Jr	SJS	8.63	8.00	8.50	.38	4.61	9.50	5.50	1.19	45 N	38.4	9.0	1.7	5.2	33.6	1.6	2.3	.0	9	12/78		
Super Fd Svc	SFS	12.00	10.75	12.00	.47	4.06	15.59	10.75	1.80	19 F	11.8	9.0	.3	6.7	567.6	2.4	1.7	9.4	13	08/78		
Supermks Gen	SGL	16.75	14.63	15.38	-1.13	-6.81	19.75	11.50	1.98	87 S	58.0	44.0	.9	6.5	2061.9	17.9	1.3	23.5	13	01/79		
Thorfare Mkts	TMI	4.00	3.50	3.75	-.25	-6.25	5.13	2.38	.61	27 F	79.4	82.0	.4	6.1	200.9	.4	1.9	.4	10	07/78		
Thriftyart A	TFTA	24.00	21.25	24.00	2.50	11.62	27.63	15.13	4.86	305 S	74.0	26.0	1.2	3.3	368.1	4.5	1.6	1.1	43	03/79		
Victory Markets	VMKT	3.38	2.88	3.00	.13	4.34	4.13	2.63	.74	-05 N	-6.6	12.0	.5	4.3	228.6	1.1	1.2	8.0	8	12/78		
Waldbaum Inc	WALD	13.00	12.25	12.25	-.25	-2.00	14.31	8.75	2.85	96 Q	50.7	12.0	.7	4.3	941.5	7.0	1.4	20.0	23	12/78		
Weingarten J Inc	WEIN	11.75	7.00	11.00	5.00	83.33	11.00	4.88	6.2	206 Q	-196.1	-22.0	.2	10.9	566.1	1.4	1.4	-15.5	12	06/79		
Wies Markets	WMK	26.25	25.50	25.63	-.13	-.48	28.50	22.38	2.71	45 N	16.9	17.0	4.7	8.3	518.0	24.6	3.5	.0	15	12/78		
Winn-Dixie A	WIN	29.50	27.13	27.75	-2.00	-6.72	33.75	25.50	3.24	28 Q	9.3	13.0	1.9	8.4	4930.5	94.5	2.0	4.0	19	06/79		

Data provided by Media General Financial Services, Inc., Richmond, VA 23261

All information in this table is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered in future editions.

(KEY: NA—Not Applicable NC—Not Calculable
NE—Negative Earnings)

Q—First quarter S—Six months
F—Fiscal year N—Nine months

*—Other than a quarterly multiple
resulting from a fiscal year change

Boardroom analysis

Just about any news would have to be regarded as good news after last month's across-the-board decline in supermarket stocks. Therefore, November's thoroughly mixed market must be considered a small step in the right direction.

During the Nov. 2-Nov. 30 reporting period, winners narrowly

outnumbered losers on the list of 46 stocks monitored for *Chain Store Age* by Media General Financial Services. A total of 22 issues increased in value and 19 declined.

J. Weingarten was clearly the month's biggest winner, scoring an 83.33% increase in November. The price of the chain's shares, now

trading at a 12-month high of 11, was probably boosted by the impending tender offer from Cavenham Ltd., parent company of Grand Union, scheduled for February. Other stocks finishing well to good included Bayless (+31.57%), Circle K (+20.00%), Star (+19.38%), and Brunos (+14.70%).

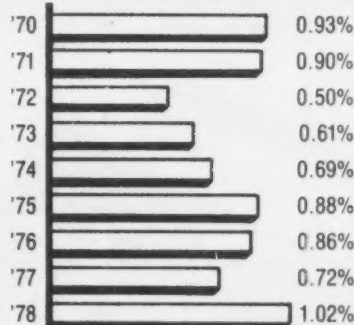
FINANCIAL NEWS

Industry profits hit record levels for decade

Reversing a decade-long trend, larger supermarket operations proved more profitable than smaller ones in 1978, according to the FMI "1978 Annual Financial Review" recently released by the trade group.

The figures, based on a mail census of FMI members and data gathered from publicly published financial statements, show that chains with annual sales of more

Net-to-sales ratio



Source: FMI

than \$500 million had a 1.13% net-to-sales ratio in 1978. By comparison, food retailers with less than \$10 million in yearly volume only managed a 0.92% ratio, while those in between averaged 0.93%.

The net-to-sales ratio was up sharply for the industry as a whole, reaching 1.02%. This was the first time in the 1970's that supermarkets achieved a profit after taxes of more than 1% of total sales. Previous high for the decade occurred in 1970, 0.93%.

Total supermarket sales, according to FMI, reached a record

Income statement for the supermarket industry (millions of dollars)

	1977	1978	% change
Sales	\$116,810.0	\$130,830.0	+12.0%
Cost of sales and operating expenses	115,420.0	128,386.1	+11.2
Interest expenses	275.7	488.0	+76.8
Total costs and expenses	115,695.7	128,874.1	+11.4
Operating income	1,114.3	1,995.9	+79.2
Other income	332.9	368.9	+10.8
Income before taxes	1,447.2	2,324.8	+60.7
Total taxes on income	630.8	1,024.5	+62.4
Extraordinary items—net	23.4	31.4	+34.2
Net income	839.8	1,331.7	+58.6

Source: FMI, Chain Store Age

\$130.8 billion in 1978. There was little reason for celebration, however, since inflation accounted for most of the increase. In "real" dollars—deflated using the consumer price index—the total sales gain was a modest 1.3%. Based on 1967 dollars, total sales reached \$62.2 billion.

Total industry net income rebounded sharply after the 1977 downturn, soaring to \$1.3 billion. There was plenty of growth in "real" dollar terms, too. Profits, adjusted for 1967 dollars, rose 24% over the 1976 record to \$634 million.

Supermarkets General slows in third quarter

Although intensified competition caused its third quarter to lag noticeably behind first-half performance, Supermarkets General Corp. still appears to be well on its way to another outstanding year.

Thanks to a quick start, nine-month figures as of Nov. 3, 1979, show SGC 20% ahead in sales and up 48% in net income for the

current fiscal year to date. During the third quarter, sales volume grew a more than satisfactory 16.1%, but profits rose just 4.1%. This resulted from a need for increased promotion and thinner margins to match the thrusts of price-oriented competitors in SGC's trading area.

Seaway logs gains in sales and profits

Seaway Foodtown, Maumee, Ohio, reports excellent sales and earnings gains for the chain's fiscal year ended Sept. 29, 1979. Chairman of the board W. D. Iott announced the banner performance at a board meeting, at which a \$0.16 per share dividend was also declared.

Sales for the 53-unit chain (which also wholesales to other supermarket customers) kept ahead of inflation, rising 13% to \$325,857,000.

The profit picture shone even more brightly for Seaway. Net earnings soared 43% to \$4,757,000. The net-to-sales ratio increased to 1.46.

Supermarket Financial Scoreboard

Operation	Period	Date	Sales	% Inc./ Dec.	Net Income	% Inc./ Dec.	Net-to-sales ratio
Seaway Foodtown	Year	9/29	\$ 325,857,000	+13	\$ 4,757,000	+43	1.46
Arden-Mayfair	9 mos.	9/29	341,000,000	+3	2,636,000	+94	0.77
Sunshine Jr.	9 mos.	9/30	87,693,474	+28	1,810,359	+47	2.06
Fleming	9 mos.	10/6	583,403,000	+14	2,716,000	+4	0.47
SGC	9 mos.	11/3	1,736,422,000	+20	15,427,000	+48	0.86
Alterman	6 mos.	10/28	242,061,449	+19	1,987,142	-1	0.82

Source: Chain Store Age